

CAMERON PARISH WATERWORKS DISTRICT NO. 9
Grand Chenier, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2013

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CAMERON PARISH WATERWORKS DISTRICT NO. 9

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Cameron Parish Waterworks District No. 9 (the District) presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

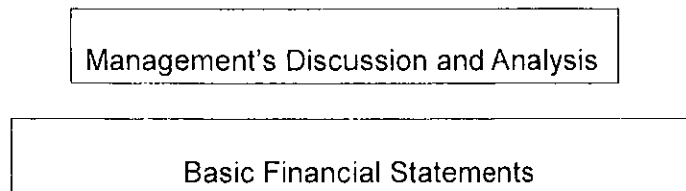
- * The District's assets exceeded its liabilities by \$4,068,304 (net position).
- * Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,405,030 include property and equipment, net of accumulated depreciation, and reduced for any outstanding debt related to the purchase or construction of capital assets.
 - (2) Net position - unrestricted of \$1,663,274 represents the portion available to maintain the District's continuing obligations to customers and creditors.
- * Total revenues of \$440,922 were in excess of total expenditures of \$397,621, which resulted in a current year surplus of \$43,301, compared to the prior year's surplus of \$129,274.
- * Total operating revenues decreased by \$26,770 from the prior year, mainly from a decrease in customer water usage. Operating expenses decreased by \$58,071 from the prior year, mainly from a decrease in maintenance.

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.



These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements, including the notes to the financial statements.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents all of the District's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash from operating activities (indirect method) as required by GASB 34.

The notes provided additional information that is essential to a full understanding of the data provided in the financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net position at fiscal year-end is \$4,068,304. The following table provides a summary of the District's net position:

	<u>2013</u>	<u>2012</u>
Current assets	\$ 1,729,234	\$ 1,496,322
Capital assets	<u>2,405,030</u>	<u>2,570,132</u>
Total assets	4,134,264	4,066,454
Deferred outflows of resources	<u>-</u>	<u>-</u>
Total liabilities	<u>65,960</u>	<u>41,451</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Net investment in capital assets	2,405,030	2,570,132
Net position - unrestricted	<u>1,663,274</u>	<u>1,454,871</u>
Total net position	<u>\$ 4,068,304</u>	<u>\$ 4,025,003</u>

Net position of the District increased by \$43,301 for the year ended December 31, 2013.

	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 186,806	\$ 213,576
Operating expenses	<u>397,621</u>	<u>455,692</u>
Operating income (loss)	(210,815)	(242,116)
Non-operating revenues (expenses)	<u>254,116</u>	<u>371,390</u>
Net increase (decrease) in net position	<u>\$ 43,301</u>	<u>\$ 129,274</u>

The District's operating revenues are derived primarily from fees for water services. The District's operating revenues are insufficient to cover operating expenses and must rely on ad valorem taxes to supplement income.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's net investment in capital assets as of December 31, 2013, was \$2,405,030. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Management's Discussion and Analysis

	<u>2013</u>	<u>2012</u>
Non-depreciable asset:		
Land	\$ 20,000	\$ 20,000
Depreciable assets:		
Buildings	106,050	106,050
Distribution system	4,971,399	4,971,399
Furniture, Fixtures and equipment	<u>407,549</u>	<u>407,549</u>
Total depreciable assets	5,484,998	5,484,998
Less accumulated depreciation	<u>3,099,968</u>	<u>2,934,866</u>
Book value-depreciable assets	<u>2,385,030</u>	<u>2,550,132</u>
Percentage depreciated	<u>57%</u>	<u>54%</u>
Book value-all assets	<u>\$ 2,405,030</u>	<u>\$ 2,570,132</u>

At December 31, 2013 the depreciable capital assets were 57% depreciated. This compares more than the December 31, 2012 percentage. This comparison indicates that the District depreciates its assets at a higher rate than they are replaced.

DEBT

The District has no debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is charges for revenue, the District's revenues are subject to changes in the economy.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Tina Horn, Secretary, P.O. Box 1280, Cameron, LA 70632.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

May 22, 2014

Board of Commissioners
Cameron Parish Waterworks District No. 9
Grand Chenier, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Cameron Parish Waterworks District No. 9, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Cameron Parish Waterworks District No. 9's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Cameron Parish Waterworks District No. 9 as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplemental information on pages 3 through 6 and 25 through 27, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2014, on our consideration of Cameron Parish Waterworks District No. 9's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cameron Parish Waterworks District No. 9's internal control over financial reporting and compliance.

Gragson, Casiday & Guillory

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Statement of Net Position

December 31, 2013

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash	\$ 1,457,385	\$ 1,217,686
Receivables		
Ad valorem taxes, net	245,208	253,858
Accounts, net	<u>26,641</u>	<u>24,778</u>
Total Current Assets	<u>1,729,234</u>	<u>1,496,322</u>
Property, plant and equipment		
Buildings	106,050	106,050
Distribution system	4,971,399	4,971,399
Furnitures, fixtures and equipment	<u>407,549</u>	<u>407,549</u>
	5,484,998	5,484,998
Less accumulated depreciation	<u>3,099,968</u>	<u>2,934,866</u>
	2,385,030	2,550,132
Land	<u>20,000</u>	<u>20,000</u>
	<u>2,405,030</u>	<u>2,570,132</u>
Total Assets	4,134,264	4,066,454
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities		
Accounts payable	29,337	4,211
Accrued liabilities	1,465	1,465
Unearned revenue	<u>30,988</u>	<u>30,988</u>
Total Current Liabilities	<u>61,790</u>	<u>36,664</u>
Net OPEB obligation	<u>4,170</u>	<u>4,787</u>
Total Liabilities	<u>65,960</u>	<u>41,451</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	2,405,030	2,570,132
Net position - unrestricted	<u>1,663,274</u>	<u>1,454,871</u>
Total Net Position	<u>\$ 4,068,304</u>	<u>\$ 4,025,003</u>

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Statement of Revenues, Expenses
and Changes in Net Position

Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Charges for services	\$ 186,478	\$ 211,508
Miscellaneous revenue	328	2,068
	<u>186,806</u>	<u>213,576</u>
OPERATING EXPENSES		
Advertising	-	1,288
Auto	8,757	362
Bank fees	111	900
Depreciation	165,102	165,153
Dues	495	495
Employee benefits - OPEB	2,983	2,799
Equipment rental	666	444
Insurance - general	19,510	16,726
Insurance - health	19,197	18,173
Maintenance	51,945	112,371
Miscellaneous	2,646	5,103
Per diem	1,200	1,680
Postage	2,256	3,009
Professional fees	5,000	5,000
Rent - temporary office	738	563
Retirement	10,314	9,535
Salaries	68,460	64,732
Supplies	2,154	13,211
Taxes and licenses	2,127	1,819
Telephone	18,035	17,623
Training and education	345	684
Utilities	15,580	14,022
TOTAL OPERATING EXPENSES	<u>397,621</u>	<u>455,692</u>
OPERATING INCOME (LOSS)	<u>(210,815)</u>	<u>(242,116)</u>

The accompanying notes are an integral part of these financial statements.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Statement of Revenues, Expenses
and Changes in Net Position - Continued

Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 250,697	\$ 369,443
Interest income	3,419	1,947
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>254,116</u>	<u>371,390</u>
CHANGE IN NET POSITION	43,301	129,274
NET POSITION - BEGINNING	<u>4,025,003</u>	<u>3,895,729</u>
NET POSITION - ENDING	<u>\$ 4,068,304</u>	<u>\$ 4,025,003</u>

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Statement of Cash Flows

Year Ended December 31, 2013

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers and others	\$ 184,943	\$ 209,481
Payments for supplies and expenses	(131,517)	(256,506)
Payments to employees for services	(67,843)	(63,971)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(14,417)</u>	<u>(110,996)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	250,697	369,443
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of fixed assets	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>3,419</u>	<u>1,947</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	239,699	260,394
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,217,686</u>	<u>957,292</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,457,385</u>	<u>\$ 1,217,686</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (210,815)	\$ (242,116)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	165,102	165,153
(Increase) decrease in:		
Accounts receivable	(1,863)	(4,095)
Ad valorem taxes receivable	8,650	(9,747)
Increase (decrease) in:		
Accounts payable	25,126	(20,094)
Accrued liabilities	-	704
OPEB obligation	(617)	(801)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (14,417)</u>	<u>\$ (110,996)</u>

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Waterworks District No. 9 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the Grand Chenier area of the Parish. The District is governed by a board of commissioners.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish Waterworks District No. 9. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2013, the District has \$1,412,267 in deposits (collected bank balances). These deposits are secured from risk by \$256,109 of federal deposit insurance and \$1,156,158 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Accounts Receivable

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2013 was \$177,152.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disasters or other calamity in this one concentrated geographic location.

5. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2013, the District had an accrual for compensated absences of \$1,465.

6. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents.

7. Net Position

In the financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Net position – restricted – Consists of net position with constraints placed on use either by (1) external groups such as creditors grantors, contributors, laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Net position - unrestricted – All other net position that does not meet the definition of "restricted" or "invested in capital assets, net or related debt".

8. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Subsequent Events

Management has evaluated subsequent events through May 22, 2014, the date the financial statements were available to be issued.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2013, taxes of 6.34 mills were levied on property with taxable assessed valuations totaling \$41,433,802.

Total taxes levied were	<u>\$ 262,689</u>
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Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	15 years
Distribution system	15-45 years
Furniture, fixtures and equipment	5-20 years

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE C – PROPERTY, PLANT AND EQUIPMENT - CONTINUED

A summary of changes in property, plant and equipment for the year ended December 31, 2013 are as follows:

	<u>Beginning of Year</u>	<u>Net Additions</u>	<u>End of Year</u>
Buildings	\$ 106,050	\$ -	\$ 106,050
Distribution system	4,971,399	-	4,971,399
Furniture, fixtures and equipment	407,549	-	407,549
Land	<u>20,000</u>	-	<u>20,000</u>
	5,504,998	\$ -	5,504,998
Less accumulated depreciation	<u>2,934,866</u>		<u>3,099,968</u>
TOTALS	<u>\$ 2,570,132</u>		<u>\$ 2,405,030</u>

Depreciation expense was \$165,102 for the year ended December 31, 2013.

The Board has committed to capital outlay in 2014 for a SCADA system for a cost of \$6,000 and for a waterline relocation at two bridges for a cost of \$69,700.

NOTE D - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week, not participating in another public funded retirement system and under age fifty-five (55) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited services, at or after age 55 with 25 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE D - RETIREMENT COMMITMENTS - CONTINUED

employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 16.75% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2013 totaled \$10,314.

NOTE E - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2013 were as follows:

Tina Horn	\$ 360
Thompson McCall	120
Shane Broussard	60
Kevin Warner	300
Kristin Saltzman	<u>360</u>
	<u>\$ 1,200</u>

NOTE F - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE G – CONTINGENCIES

Unearned revenue of \$30,988 at December 31, 2013 represents funds received from FEMA for fire hydrant flange bolts replacement that has not been spent.

NOTE H – POST-EMPLOYMENT BENEFITS

Plan Description. The Cameron Parish Waterworks District No. 9's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Through fiscal year ending December 31, 2008, the Cameron Parish Waterworks District No. 9 recognized the cost of providing post-employment medical benefits (the Cameron Parish Waterworks District No. 9's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In fiscal year ending December 31, 2013, Cameron Parish Waterworks District No.9's portion of health care funding cost for retired employees totaled \$3,600. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table below.

Annual Required Contribution. The Cameron Parish Waterworks District No. 9's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year is \$3,069, as set forth below:

	Medical
Normal Cost	\$ 696
30-year UAL amortization amount	2,373
Annual required contribution (ARC)	<u>\$ 3,069</u>

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

Net Post-employment Benefit Obligation. The table below shows the Cameron Parish Waterworks District No. 9's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2013:

	<u>Medical</u>
Annual required contribution	\$ 3,069
Interest on Net OPEB Obligation	191
ARC Adjustment	<u>(277)</u>
Annual OPEB Cost	2,983
Contributions made	<u>(3,600)</u>
Increase in Net OPEB Obligation	(617)
Beginning Net OPEB Obligation	<u>4,787</u>
Ending Net OPEB Obligation	<u>\$ 4,170</u>

The following table shows the Cameron Parish Waterworks District No. 9's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability:

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Medical	December 31, 2013	\$2,983	120.66%	\$ 4,170

Funded Status and Funding Progress. In the fiscal year ending December 31, 2013, the Cameron Parish Waterworks District No. 9 made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ration of zero. Based on the January 1, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year ended December 31, 2013 was \$42,681, which is defined as that portion, as determined by a particular actuarial cost method (the Cameron Parish Waterworks District No. 9 uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

<u>Medical</u>	
Actuarial Accrued Liability (AAL)	\$ 42,681
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 42,681</u>
Funded Ratio (Act. Val. Assets/AAL)	.00%
Covered Payroll (active Plan members)	\$ 62,412
UAAL as a percentage of covered payroll	68.39%

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE H – POST-EMPLOYMENT BENEFITS - CONTINUED

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Cameron Parish Waterworks District No. 9 and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Cameron Parish Waterworks District No. 9 and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Cameron Parish Waterworks District No. 9 and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the United Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 5%.

Post employment Benefit Plan Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence three years after eligibility to enter the D.R.O.P. Medical benefits are provided to employees upon actual retirement.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE H – POST-EMPLOYMENT BENEFITS - CONTINUED

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. Because the employer provided medical cost of retirees is limited to a flat \$150 per month, we have assumed a flat 3% annual "trend" as the expected rate of increase in medical cost assuming general inflation will cause the flat amount to increase. Conventional medical trend factors have not been used.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is the mortality table which the IRS requires to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a flat \$150 per month of the cost of the medical and life insurance combined for the retirees only (not dependents). Because of the combined nature of the flat monthly employer payment, we have valued only the medical benefits. Effective with this valuation and forward, retirees with at least thirty years of service are entitled to 100% of medical benefits paid by the employer for retiree only coverage, not dependents.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above are an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Notes to Financial Statements

December 31, 2013

NOTE H – POST-EMPLOYMENT BENEFITS – CONTINUED

Below is a summary of OPEB cost and contributions for the last three fiscal years.

	OPEB Costs and Contributions		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
OPEB Cost	\$ 2,953	\$ 3,087	\$ 2,983
Contribution	-	-	-
Retiree premium	<u>3,600</u>	<u>3,600</u>	<u>3,600</u>
Total contribution and premium	<u>3,600</u>	<u>3,600</u>	<u>3,600</u>
Change in net OPEB obligation	<u>\$ (647)</u>	<u>\$ (513)</u>	<u>\$ (617)</u>
% of contribution to cost	0.0%	0.0%	0.0%
% of contribution plus premium to cost	121.91%	125.95%	120.66%

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Statement of Revenues, Expenses
and Changes in Net Position- Budget and Actual

Year Ended December 31, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
OPERATING REVENUES			
Charges for services	\$ 208,000	\$ 186,478	\$ (21,522)
Miscellaneous revenue	1,800	328	(1,472)
TOTAL OPERATING REVENUES	<u>209,800</u>	<u>186,806</u>	<u>(22,994)</u>
OPERATING EXPENSES			
Advertising	350	-	350
Auto	10,000	8,757	1,243
Bank fees	-	111	(111)
Contract labor	8,000	-	8,000
Depreciation	-	165,102	(165,102)
Dues	-	495	(495)
Employee benefits - OPEB	-	2,983	(2,983)
Equipment rental	-	666	(666)
Insurance - general	43,000	19,510	23,490
Insurance - health	18,000	19,197	(1,197)
Maintenance	97,838	51,945	45,893
Miscellaneous	250	2,646	(2,396)
Per diem	3,600	1,200	2,400
Postage	-	2,256	(2,256)
Professional fees	5,000	5,000	-
Rent - temporary office	563	738	(175)
Retirement	14,000	10,314	3,686
Salaries	65,000	68,460	(3,460)
Supplies	2,000	2,154	(154)
Taxes and licenses	-	2,127	(2,127)
Telephone	17,700	18,035	(335)
Training and education	285	345	(60)
Travel	1,000	-	1,000
Utilities	13,800	15,580	(1,780)
TOTAL OPERATING EXPENSES	<u>300,386</u>	<u>397,621</u>	<u>(97,235)</u>
OPERATING INCOME (LOSS)	<u>(90,586)</u>	<u>(210,815)</u>	<u>(120,229)</u>

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Statement of Revenues, Expenses
and Changes in Net Position - Budget and Actual - Continued

Year Ended December 31, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
NON-OPERATING REVENUES (EXPENSES)			
Ad valorem taxes, net	\$ 352,000	\$ 250,697	\$ (101,303)
Interest income	<u>2,000</u>	<u>3,419</u>	<u>1,419</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>354,000</u>	<u>254,116</u>	<u>(99,884)</u>
CHANGE IN NET POSITION	263,414	43,301	(220,113)
NET POSITION - BEGINNING	<u>4,025,003</u>	<u>4,025,003</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 4,288,417</u>	<u>\$ 4,068,304</u>	<u>\$ (220,113)</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Employee Health Care Plan

December 31, 2013

Schedule of Funding Progress (Unaudited)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2011	\$ 0	\$ 44,201	\$ 44,201	0.00%	\$ 61,340	72.05%
December 31, 2012	\$ 0	\$ 47,808	\$ 47,808	0.00%	\$ 64,732	73.86%
December 31, 2013	\$ 0	\$ 42,681	\$ 42,681	0.00%	\$ 62,412	68.39%



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BRANEFF, C.P.A.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

May 22, 2014

Board of Commissioners
Cameron Parish Waterworks District No. 9
Grand Lake, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cameron Parish Waterworks District No. 9, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Cameron Parish Waterworks District No. 9's basic financial statements, and have issued our report thereon dated May 22, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cameron Parish Waterworks District No. 9's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cameron Parish Waterworks District No. 9's internal control. Accordingly, we do not express an opinion on the effectiveness of Cameron Parish Waterworks District No. 9's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or, detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether Cameron Parish Waterworks District No. 9's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cameron Parish Waterworks District No. 9's Response to Findings

Cameron Parish Waterworks District No. 9's response to the findings identified in our audit is described in the accompanying findings and responses. The District's response was not subjected to the auditing procedures in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



CAMERON PARISH WATERWORKS DISTRICT NO. 9

Schedule of Findings and Responses

Year Ended December 31, 2013

1. Summary of Auditors' Results:

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses(es) identified? _____ yes X no
- Control deficiencies identified that are not considered to be material weakness(es)? X yes _____ none reported

Noncompliance material to financial statements noted?

_____ yes X no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2013-1:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Schedule of Findings and Responses - Continued

Year Ended December 31, 2013

Finding #2013-2:

Budgetary Authority and Control:

Condition: Inadequate budgeting procedures resulted in revenues being under budget by 5% or more and expenses being over budget by 5% or more. The budget was not amended.

Criteria: Inadequate budgeting procedures.

Effect: Violations of Louisiana Revised Statute 39:1310.

Cause: Administrative lack of oversight. The budget was not amended during the year as required by statute.

Recommendation: The District should review actual revenues and expenditures on an interim basis and amend the budget when necessary.

Response/Corrective Action Planned: The District agrees with the finding and will implement the recommendations.

Finding #2013-3:

Noncompliance to Board's Water Usage Disconnect Policy:

Condition: The Board adopted a policy on April 28, 2011 to disconnect meters for usage if payment is not made within thirty days of the date of the bill. This policy is not being followed by management.

Effect: In testing of water service billings, we noted sixteen accounts that had issues due to noncompliance with disconnect policy. These can be summarized as follows:

- One account not disconnected and not paying
- Seven accounts not disconnected, habitually late paying
- Eight accounts eventually disconnected and remain disconnected currently; outstanding account balances range from \$570 to \$2,860.

In addition, management allows customers to reconnect if only a portion of the outstanding balance is paid. Policy should be that account must be paid in full, if disconnected, prior to any reconnect.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 9

Schedule of Findings and Responses - Continued

Year Ended December 31, 2013

Recommendation: Board and management should ensure that the disconnect policy is strictly adhered to. In addition, accounts should be paid in full prior to any reconnect.

Management Response/Corrective Action Planned: Management will adhere to above recommendations.

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

Finding 2012-01:

Inadequate segregation of duties.

Corrective Action Taken: None, repeat finding in 2013.

Finding 2012-02:

Budgetary authority and control.

Corrective Action Taken: None, repeat finding in 2013.